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E.O. 12958: N/A

TAGS: [ETTC](#) [KOMC](#) [KS](#)

SUBJECT: BLUE LANTERN: VERIFYING BONA FIDES OF REGISTERED BROKER
JOONG SIK INN - CASE NO. K-1849/2299

REF: A) STATE 99535

¶1. Per reftel, Post verified the bona fides of registered broker
Inn Joong-Sik, President of SM Engineering Corporation and Chairman
of SM CNS Corporation.

¶2. SM Engineering Corporation is located at Room 1005,
Suwoonhoikwan Building, 88, Kyungun-dong, Seoul, the Republic of
Korea (ROK).

¶3. SM Engineering Corporation: Mr. Inn and the Defense Acquisition
Procurement Administration (DAPA) separately confirmed to Post that
SM Engineering Corporation is a DAPA-registered supplier of defense
related items, such as electronic communications equipment,
aerospace system, communication cable and connector. SM Engineering
has been a member of the Korea Importers Association (KOIMA) as an
import and export agent since 1986 when SM Engineering was set-up.

¶4. The company confirmed it is a broker that handles USML items.
In its capacity as broker, the company is not equipped with a
secured facility because all USML sensitive items are directly
delivered to its clients upon arrival of the shipments.

¶5. SM Engineering's principals consist of Ahn Choong-il, vice
president with twenty-six years of professional career in the ROK
Navy. Moon Ki-chul, vice president is retired from the ROK Air
Force, Daewoo Heavy Industries and Korea Aerospace Industries. Ha
Young-man is retired from the ROK Army for nearly thirty years. Inn
Jay-beom, serves as senior executive vice president whose
professional experience includes time at a ROK-based electrics firm
and a U.S.-based Acterna Corporation for more than a decade. SM
Engineering has twenty employees.

¶6. SM Engineering's main clients are the ROK DAPA located in Seoul,
ROK; Korea Agency for Defense Development (ADD) located in Daejeon
city, ROK; Korea Aerospace Industries located in Sacheon city, ROK;
and the Korea Aerospace Research Institute situated in Daejeon city,
ROK.

¶7. SM CNS Corporation: SM CNS Corporation is located in the
Yiyangwon Building, 63-7, Kyungun-dong, Seoul, ROK. Inn Joong-Sik
also serves as chairman of SM CNS Corporation, an affiliate of SM
Engineering and Sama Trading, a third affiliate of SM Engineering,
that deals in sound equipment. The company was founded in May,
¶2004. SM CNS is a not a DAPA-certified supplier of defense items;
however, it is a ROK Public Procurement Service-registered supplier
for ROK government use. It is also a member of the Korea
International Trade Association (KITA) as a legitimate trading
business. In addition to brokering
defense items such as telemetric airborne systems to Korea's ADD,
the company's business includes software development for
broadcasting systems, such as on-air monitors, analyzers and one-box
stream generators for domestic companies.

¶8. SM CNS' main clients are: ADD located in Daejeon city, ROK, for USML items; Korea Telecommunication Technology Association in Bundang, Gyeonggi Province, ROK; the Korea Broadcasting System and Munhwa Broadcasting Corporation located in Seoul, ROK, for use in local broadcasting systems developed by SM CNS.

¶9. The company reported that it does not have secured storage facilities for the USML items because it only serves as a broker on behalf of U.S. exporters of these items.

¶10. SM CNS has a staff of fourteen employees. The company is chaired by Inn Joong-Sik. SM CNS shares two main principals as SM Engineering: Inn Jay-Beom, President and Ha Young-man, senior executive vice president. Additional SM CNS main principals are Park Jae-deok, general manager who spent three years with Hyundai Aerospace Industries, a ROK-based aerospace company. Kwak Kyu-seok, manager, a retired ROK Army officer.

¶11. The ICE Attache at Post found no derogatory information regarding SM Engineering or SM CNS. The Embassy's Foreign Commercial Service confirmed that the company is a legitimate entity.

¶12. Mr. Inn Joong-Sik reaffirmed that both SM Engineering and SM CNS fully acknowledge the restrictions of re-transferring or re-exporting USML items. Specifically, Mr. Inn reported that on September 14, 2009 both companies received renewed US brokering registrations. The renewed registration for SM Engineering (K-1849) expires on September 30, 2010. SM CNS'(K-2299) registration expires on October 31, 2010.

¶13. This investigation was conducted via telephone calls and email in October and November. A site visit was not possible due to resource constraints. Additional information will be sent separately by email. End.

STEPHENS